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Sixteenth annual progress report on the implementation of the capital master plan

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions considered the sixteenth annual progress report of the Secretary-General on the implementation of the capital master plan (A/73/317). The Committee also had before it the report of the Board of Auditors on the capital master plan for the year ended 31 December 2017 (A/73/5 (Vol. V)) and the related report of the Secretary-General on the implementation of the recommendations of the Board (A/73/353). During its consideration of the above-mentioned reports, the Advisory Committee met with members of the Audit Operations Committee of the Board of Auditors and representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 8 October 2018.

2. The report of the Secretary-General is submitted pursuant to General Assembly resolution 57/292, in which the Assembly requested the Secretary-General to submit annual progress reports to it on the implementation of the capital master plan. In the same resolution, the Assembly also requested the Board of Auditors to report to it annually on its oversight activities on the development and implementation of the capital master plan.

3. The main subjects covered in the sixteenth progress report of the Secretary-General include: (a) project status; (b) benefits of the capital master plan; (c) financial status; (d) implementation of the recommendations of the Board of Auditors; (e) recreational facilities; (f) accessibility; (g) assets and gifts; and (h) arbitration.

4. The Board of Auditors indicates that its report focuses on: (a) financial status of the project; (b) project schedule and scope; (c) managing the campus; (d) maximizing the benefits of the renovated campus; and (e) recreational facilities. Annex I to the Board's report provides an update on the status of implementation of the Board's previous recommendations up to the year ended 31 December 2016. Annex II to that report contains a paper issued by the Board entitled "Lessons from the capital master

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plan". The Advisory Committee was informed that the paper drew upon wider knowledge of best practice of major projects, highlighting some of the more important and systemic lessons that are of direct relevance to capital projects.

5. The Board of Auditors indicates that its audit was performed from 19 March to 13 April 2018. It issued five new main recommendations, all of which have been accepted by the Secretariat. The observations of the Advisory Committee on the report of the Secretary-General and on the issues raised by the Board are discussed under the relevant headings in section II below.

6. The Advisory Committee recalls that the General Assembly, in its decisions 71/546 A and 72/547 A, deferred its consideration of the fourteenth and fifteenth progress reports of the Secretary-General on the implementation of the capital master plan (A/71/309 and A/72/294 and A/72/294/Corr.1) and the related reports of the Committee (A/71/541 and A/72/536).

II. Observations and comments

A. Project schedule, scope and financial status

7. The Secretary-General indicates that since the issuance of his fifteenth annual progress report, progress has been made with respect to the administrative close-out of the project as follows: (a) the accounts associated with all 24 guaranteed maximum price contracts with the construction management company have been reconciled and paid; (b) all construction work has been completed for all scopes and subcomponents of the capital master plan project; and (c) all invoices have been paid, with the exception of liabilities related to the two ongoing arbitration cases (see para. 32 below). In its report, the Board of Auditors provides information on the project schedule and scope, including the final completion and certification of work and the administrative close-out (see A/73/5 (Vol. V), paras. 29–33). The Board notes that the administrative closure of the project cannot be finalized until the litigation cases are concluded, and that since the litigation is at a very early stage, it is not possible to determine a reasonable timeline for the closure of the capital master plan account. **The Advisory Committee notes that the capital master plan project remains ongoing and is not yet closed.**

8. Information on the financial status of the project is provided in paragraphs 22–27 of the report of the Secretary-General. It is indicated that the total approved funding for the capital master plan project amounts to $2,150.4 million, comprising appropriations for the original project scope of $1,876.7 million, donations of $14.3 million, interest income and the plan's working capital reserve amounting to $159.4 million, and funding of $100.0 million provided by the host country for the enhanced security upgrades. Taking into account the associated costs and the cost of the secondary data centre borne by the capital master plan ($154.7 million) and a peacekeeping support account contribution ($4.2 million) for the secondary data centre, the consolidated cost of the capital master plan, excluding the originally planned renovation of the Dag Hammarskjöld Library and South Annex Buildings, amounts to $2,309.3 million.

9. In section B of its report, the Board of Auditors provides details on the financial status of the project (see A/73/5 (Vol. V), paras. 7–28), including a breakdown of the estimated and final costs of residual capital works and interim solutions (ibid., table 1). The Board indicates that those solutions, with an initial estimated cost of $35.00 million in 2015, were completed in September 2017 at an actual cost of $37.28 million, compared with the previous year's forecast of $37.30 million.

10. Upon enquiry, the Advisory Committee was provided with the table below, showing a comparison of the project duration, scope and costs on the basis of the initial assessment presented in the sixth progress report of the Secretary-General (A/63/477) and the situation reflected in the current, sixteenth progress report.

	Initial assessment (A/63/477)	*Current situation (A/73/317)*	
Duration	Early 2008–mid 2013	May 2008–September 2017	
Scope	• Construction of North Lawn Building • Secretariat Building • Conference Building • General Assembly Building • South Annex Building • Dag Hammarskjöld Library Building • Demolition of temporary North Lawn Conference Building • Landscaping of North Lawn	• Construction of North Lawn Building • Secretariat Building • Conference Building • General Assembly Building • Demolition of temporary North Lawn Conference Building • Landscaping of North Lawn • Security-related work at 42nd and 48th Streets	
		(a) Capital master plan project	$2,150.4 million
		(b) Enhanced security upgrade	$100.0 million
		(c) Associated costs	$139.7 million
		(d) Secondary data centre	$19.2 million
Total cost	**$1,876.7 million**		**$2,309.3 million**

11. **The Advisory Committee notes that, notwithstanding a reduction in the scope of the project reflecting the exclusion of the Dag Hammarskjöld Library and the South Annex Buildings, the project has suffered significant cost escalation and delays. The Committee also notes that the dedicated resources originally allocated for the renovation of those buildings were repurposed and used for other activities of the project.**

12. In its paper on lessons from the capital master plan (see para. 4 above), the Board of Auditors notes that although there were some extraneous factors which led to cost escalation, there was also a reduction in the scope of work in terms of the renovation of the Dag Hammarskjöld Library and the South Annex Buildings, indicating that the capital master plan project could have been completed within the given budget.

B. Change orders

13. In its previous reports, the Board of Auditors noted that, as of March 2016, there had been over 4,700 change orders with a total value of $497 million. Updated information in the Board's current report shows that as of February 2017, the number of change orders related to capital master plan work had increased to 4,746, with a total value of $498.75 million (see A/73/5 (Vol. V), paras. 17–21). In that report, the Board also notes that the Secretariat had data regarding contract amendments for change orders and for the total payments made for the contract during the period from March 2017 to March 2018, but did not have information on payments made with regard to change orders alone. In its paper on lessons from the capital master plan, the Board observes that the Secretariat began construction work using designs that

were changed during the course of the work through change orders, and that this approach added risk and uncertainty both in terms of cost and time taken for the work.

14. Upon enquiry, the Advisory Committee was informed that subsequent to the issuance of the Board's paper on lessons from the capital master plan (see para. 4 above), the Secretariat had defined project guidelines for a governance structure with defined authorities and accountability for such construction projects, which were further developed in the context of the report of the Secretary-General on the strategic capital review (A/70/697) to include elements such as the roles and responsibilities of the individuals responsible for establishing baseline products and reviewing and approving change orders. **The Committee notes the actions taken thus far and stresses the need for upfront, sound and comprehensive design and project planning, as well as the monitoring of the full and timely application of the construction guidelines for ongoing and future construction projects in order to minimize the number and scope of change orders and avoid risks of cost escalation and delays. The guidelines should also be adapted, as appropriate, on the basis of experience. The Committee will follow up on this matter in the context of relevant future progress reports on construction projects.**

C. Benefits realization

15. In the report of the Secretary-General it is indicated that between 2006 and 2017, energy consumption was reduced by 55 per cent, reflecting reductions of 68 per cent in the consumption of steam and 20 per cent in electricity. The estimated reduction for 2018 is unchanged from 2017. With regard to utilities, the cost of steam, water, electricity and gas in the past six completed bienniums (2006–2007 to 2016–2017) was reduced by some 48 per cent, from $35.9 million in 2006–2007 to $18.6 million in 2016–2017. It is also stated that the cost of utilities is expected to be reduced further in the biennium 2018–2019, to around $17.6 million, representing an overall reduction of 50.9 per cent compared with the biennium 2006–2007 (see A/73/317, para. 21 and tables 2 and 3).

16. The Board of Auditors observes that, while the energy efficiency achieved appears to be in line with the target of 50 per cent, energy savings have fallen from 59 per cent in 2016 to 55 per cent in 2017. The Board further notes that the Energy Dashboard and Reporting Tool has been implemented and can be used to monitor energy consumption at the individual floor or building level. The Board recommends that the Administration explore the utility of the Tool with regard to monitoring the energy consumption of floors and buildings so as to further reduce energy consumption wherever possible. The Board further recommends that the Administration report on reductions in the consumption of water as well (see A/73/5 (Vol. V), paras. 59–65).

17. **The Advisory Committee expects the Secretary-General to implement the Board's recommendations expeditiously and to report on this matter in his next progress report. The Committee further recommends that the General Assembly request the Secretary-General to closely monitor and continue to optimize energy usage, and to continue to report on actual efficiency gains realized in future progress reports.**

D. Recreational facilities

18. Previous reports of the Advisory Committee had included information provided to it on the plans for construction of a recreation facility using resources contributed by the International Olympic Committee that had been accepted by the Secretary-

General. At that time, the Advisory Committee expressed its view that the implementation of such a facility required prior approval by the General Assembly and expressed its expectation that the Secretary-General should provide the reasons for proceeding with the construction of the recreation facility without such prior approval. The Advisory Committee further expressed its expectation that the Secretary-General would seek a further donation or contribution from the International Olympic Committee should any requirements for renovation or maintenance costs or other associated costs arise beyond the first seven years of the existence of the facility (see A/71/541, paras. 33 and 34, and A/72/536, paras. 27 and 28).

19. The current, sixteenth progress report of the Secretary-General does not contain any further information on the recreational facilities. The Board of Auditors does address this issue and provides information on the recreational facilities in paragraphs 73–85 of its report (A/73/5 (Vol. V)). As indicated, the financial contribution of the International Olympic Committee that was accepted by the Secretary-General was to be used to finance the creation of recreational facilities consisting of a gym in the second basement area of the North Lawn Building and an outdoor recreation area to be located on the North Lawn of the United Nations Headquarters campus. The Board indicates that it was informed that the recreation facilities had been constructed but that the gym was not yet functional (ibid., para. 76). Upon enquiry, the Advisory Committee was informed that the gym had been officially opened by the Under-Secretary-General for Management on 16 May 2018 and had been fully operational as of June 2018.

20. In its report, the Board of Auditors further indicates that according to the Financial Regulations and Rules of the United Nations, voluntary contributions require prior approval by the General Assembly if they directly or indirectly involve extra expenditure. The Board observes that the Secretariat only budgeted for the cleaning costs of the facilities for seven years and did not consider the maintenance costs of the facilities beyond seven years. The Board concludes that the facilities are not cost neutral and that approval by the Assembly was therefore required prior to the acceptance of the contribution. **The Advisory Committee concurs with the views expressed by the Board of Auditors.**

21. The Board of Auditors recommends that the Secretariat conduct a comprehensive assessment of the maintenance costs, taking into account all subcomponents of maintenance, such as repair and upkeep of the recreational facilities. The Board further recommends that the Secretariat make adequate arrangements for funding the operational and maintenance costs of assets created as a result of the donation from the International Olympic Committee. **The Advisory Committee recommends that the General Assembly request the Secretary-General to provide in his next progress report details on the use, maintenance and operations of the interior and exterior facilities, as well as the related funding modalities during the initial seven-year period and in subsequent years.**

E. Accessibility

22. Information on accessibility issues is provided in paragraphs 66–72 of the report of the Board of Auditors. The Board indicates that in response to the recommendation made in its previous report (A/72/5 (Vol. V)), the Secretariat conducted a survey on iSeek in August 2017 requesting feedback from persons with disabilities on their experiences with accessibility features. The Board indicates that it was informed by the Secretariat that it would consider the feedback provided by the survey and perform an assessment of what could feasibly and reasonably be achieved to address the requirements expressed in the feedback. The Board further indicates that it was

informed that the capital master plan project complied with the 1991 Americans with Disabilities Act (ADA) Standards for Accessible Design applicable at the time of preparation of the project plan, and remained in compliance with that code. The 2010 ADA Standards for Accessible Design came into effect after the capital master plan designs had been completed and renovation works had already started. The Board recommends that the Administration: (a) analyse the responses to the survey on iSeek and take remedial measures; and (b) examine the requirements of the 2010 ADA Standards for Accessible Design and take necessary steps on a progressive basis towards compliance with those standards to ensure accessibility to all individuals with disabilities.

23. Upon enquiry, the Advisory Committee was informed that the user survey had indicated a number of areas for accessibility improvement, which are listed in annex I to the present report. The Committee was further informed that, in response to the survey, a number of accessibility improvements had been made in the General Assembly Hall in July and August 2018, including two options for wheelchair access to the podium and wheelchair accessibility at delegate tables, details of which are included in annex II to the present report. The new measures would be tested for a period to determine whether further changes should be made. In addition, the Office of Central Support Services of the Secretariat had engaged disability experts to conduct an accessibility review of the Headquarters premises, the findings of which were expected to be made available during the fourth quarter of 2018. **The Committee trusts that the Secretary-General will provide to the General Assembly, at the time of its consideration of the sixteenth progress report on the implementation of the capital master plan, further information on the findings of the accessibility review, as well as an update on the accessibility improvements made.**

24. The Advisory Committee comments further on the above-mentioned issues in its report on the pattern of conferences (A/73/458).

F. Protection of assets

25. In its previous report (A/72/5 (Vol. V)), the Board of Auditors expressed concern about internal controls with respect to the safeguarding of assets, noting, on the basis of its analysis of the Secretariat's physical verification report of 2016, that out of 1,000 assets physically verified, 208 assets (20.8 per cent) could not be located and that the initial location was not indicated for 78 assets. In its current report, the Board provides an update on the status of the above-mentioned 208 missing assets noted in the physical verification report of 2016 (see A/73/5 (Vol. V), paras. 44–48). With regard to the physical verification for the year 2017, the Board indicates that of the 1,555 assets verified, 266 assets were not found, and furthermore that updated information provided to the Board at the time of reporting indicated that 25 assets were in the process of being written off and 99 assets still had not yet been located.

26. Upon enquiry, the Board informed the Advisory Committee that the value of the above-mentioned 208 assets that could not be located and of the 78 assets for which the initial location was not indicated amounted to $286,502 and $1.19 million, respectively. **The Committee stresses the need to continue to pursue efforts to locate the missing assets and recommends that the General Assembly request the Secretary-General to provide an update on progress made, including details on the value of the assets.**

G. Works of art and other gifts

27. With regard to works of art and other gifts, the Board of Auditors observes that the maintenance of the gift registry, as required by the General Assembly in its resolution 63/270, was not complete, and that the Secretariat did not carry out periodic physical verifications of gifts and art works and installations. The Board recommends that the Secretariat maintain an updated registry of works of art and gifts and carry out their physical verification annually to assure their existence.

28. Upon enquiry, the Advisory Committee was informed that the current gift registry was maintained on a spreadsheet, but that the Secretariat was in the process of enriching and integrating the registry into the existing computer-aided facilities management system, which required a system upgrade and customization. The scope of work had been defined and the project was targeted for completion by the first quarter of 2019. **The Committee trusts that the Secretary-General will implement the recommendations of the Board of Auditors expeditiously and report on this matter in his next progress report.**

H. Implementation of the recommendations of the Board of Auditors

29. In the report of the Secretary-General on the implementation of the recommendations made by the Board of Auditors (A/73/353), it is indicated that: (a) of the 16 outstanding recommendations contained in the Board's previous reports, 4 (25 per cent) have been implemented and 12 (75 per cent) are under implementation; and (b) all eight recommendations issued in the Board's current report are in progress, of which three recommendations are planned to be implemented by the end of 2018 and five by the end of 2019. Upon enquiry, the Advisory Committee was provided with additional information on the planned implementation dates of the recommendations. **The Committee trusts that every effort will be made to implement the remaining recommendations expeditiously and that a comprehensive update on the status of the outstanding recommendations will be provided in the next report of the Board of Auditors and the next progress report of the Secretary-General.**

I. Other issues

Maintenance of the East River fence

30. In its previous report, issued in 2017 (A/72/536), the Advisory Committee recalled that it had been informed in 2016 that the Secretariat planned to incorporate the painting of the East River fence as part of the overall inspection work of the underside of the FDR Drive overhang. In 2016, the Secretariat expected that the inspection would be undertaken at the beginning of 2017 and that, depending on the outcome, remedial works were planned for the summer of 2017 when there would be less vehicular traffic (see A/72/536, para. 26, and A/71/541, para. 32). In 2017, the Committee expressed its disappointment that no progress had been made in addressing the issue and recommended that the General Assembly request the Secretary-General to complete the remedial works during the summer of 2018 and to provide an update on the matter in his next progress report (see A/72/536). The Committee notes that the current report of the Secretary-General does not address this issue (see para. 6 above).

31. After having requested an update on the status of the work, the Advisory Committee was informed that the refinishing of the wooden railing was completed in June 2018. The abatement and refinishing of the bulkhead (metal part) was a more

complex and costly project, involving lead abatement and the necessary protection from lead particles, which was estimated to take a full three months and would have to be undertaken during warm weather because of the products that would be used. The Committee was further informed that, according to the Secretary-General, the latter task could not be completed within the resources approved for the Office of Central Support Services in the programme budget for the biennium 2018–2019 but would remain in the workplan of the Office. The Committee was also informed that efforts to identify resources to complete the required work on the bulkhead continued, and once the required resources became available, the work would be carried out at the earliest possible opportunity. The Committee recalls that in mid-2018, it had received assurances from the Secretariat that the project would be completed by the end of 2018. **The Committee welcomes the progress made and recommends that the General Assembly request the Secretary-General to complete the remaining works as soon as possible, at the latest by the summer of 2019.**

Arbitration

32. The report of the Board of Auditors (A/73/5 (Vol. V), paras. 22–25) and the report of the Secretary-General (A/73/317, paras. 28–30) provide an update on the two ongoing arbitration cases related to the capital master plan. **The Advisory Committee trusts that the Secretary-General will provide to the General Assembly, at the time of its consideration of the sixteenth annual progress report on the implementation of the capital master plan, further information on how the arbitration cases are evolving.**

III. Conclusions and recommendations

33. The action to be taken by the General Assembly is set out in paragraph 35 of the report of the Secretary-General. **The Advisory Committee recommends that, subject to its comments and recommendations in the paragraphs above, the General Assembly:**

(a) **Note the progress made since the issuance of the fifteenth annual progress report;**

(b) **Request the Secretary-General to submit a seventeenth progress report on the project for consideration by the General Assembly at the main part of its seventy-fourth session.**

Annex I

Areas identified in the user survey for accessibility improvement

The Secretariat provided the following summary of comments received from users from July 2017 to March 2018:

- The doors at United Nations Headquarters in general are not easy to operate for wheelchair users.
- The automatic doors at the main entrances are often not working (the Office of Central Support Services notes that this issue has been fixed through an upgrade).
- The staff entrance at 42nd Street is not well adapted for wheelchair users in bad weather conditions. Staff are directed to walk downstairs to avoid inclement weather. Wheelchair users have to proceed along the uncovered path with an uphill slope, which is more difficult when wet.
- The automatic doors to the Secretariat Building have no protective roof for people waiting for the doors to open.
- There are a number of accessibility issues in the restrooms, including heavy doors and inaccessible handles. In addition, accessible restrooms are often far away from the conference rooms.
- There should be more seats in the Conference and General Assembly Buildings, for example, where persons with mobility disabilities could sit to rest.
- Wayfinding in the Conference and General Assembly Buildings is not facilitated for those with visual disabilities.
- Directory information for people looking to locate staff in the Secretariat could be improved. Such directory information could be provided near elevators.
- Carpets are hard to travel over with wheelchairs.
- Gift shop aisles are not wide enough for wheelchairs.
- Security staff need training in assisting persons with disabilities.
- The DC-1 Building does not have an exterior button to operate the automatic doors at the main entrance.

Annex II

Accessibility improvements made in the General Assembly Hall

(Information provided by the Secretariat)

1. In response to the user survey for accessibility improvement, the Office of Central Support Services implemented a number of accessibility improvements in the General Assembly Hall in July and August 2018, relating to: (a) wheelchair access to the podium; and (b) wheelchair accessibility at delegate tables. In addition, the Office has engaged disability experts to conduct an accessibility review of the Headquarters premises. The fieldwork for the accessibility review was completed in August 2018. The findings of the review are expected to be made available during the fourth quarter of 2018.

2. With regard to wheelchair access to the podium, two options are now available: (a) a ramp and platform; and (b) a mobile lift with a platform that can be placed temporarily at the podium. A small crew of Office of Central Support Services staff can easily add or remove the ramp and platform or the lift and platform (for its most recent use, on 25 September 2018, the speaker opted to use the ramp and platform).

3. With regard to wheelchair accessibility at delegate tables, modifications were undertaken at six tables along the west side of the General Assembly Hall. The tables themselves were modified to allow space for wheelchairs under the tables. In addition, replacements for the row of three adviser seats behind those delegate tables were constructed using one central flip-up chair and two freely movable chairs to provide more space for manoeuvring wheelchairs behind the delegate tables (replacing the standard fixed chairs with the flip-up and movable chairs or vice versa would be done between meetings on an as-needed basis). These new measures will be tested for a period to determine whether further changes should be made.

4. The (rear) rostrum also has a mobile wheelchair lift that can be installed. The stairs on the east side of the rostrum can be removed and the lift can be inserted. As these elements are quite large, installation or removal would be undertaken between meetings on an as-needed basis. A ramp can be added to enable wheelchair access to the south entrance to room GA-200.